

Tax Alert!

WARNING:
*Falling for a
tax scam can
cost you!*

There's no doubt about it, we are exposed to a crushing onslaught of scams in the form of letters, emails, and even newspaper ads. They provide ample opportunity for financial turbulence because if you fall for any of these scams you risk your financial security and your identity. Your best defense is knowing what to look for so this month's newsletter is all about being scam-savvy.

Know what to look for:

Did you receive an email from the Canada Revenue Agency (CRA) asking for personal information or to click on a link to get your refund? Did you see an ad in the paper that claims you don't have to pay taxes because you are two different people for income tax purposes? Did someone sell you a donation receipt for less than the donation amount shown? These are all scams.

If you fall for a tax scam, you risk your financial security and your identity. Also, you may not be meeting your obligations under Canada's tax laws. The consequences of your action could range from embarrassment, to inconvenience, to serious legal trouble.

Keep these critical facts in mind:

❖ **The CRA does not use email to ask for personal information.** Even though an email asking for personal information may look authentic, such email does not come from the CRA. This type of email is phishing, and it contains special coding or downloadable forms that are designed to steal your personal or financial information.

❖ **The natural/legal person argument does not hold up in court.** Promoters may try to convince you to treat yourself as two people—a **natural person** of flesh and blood and a **legal entity** created by government. Promoters argue that your income belongs to the natural person who is not subject to Canadian income tax law. These are false claims that do not hold up in Canada's courts.

❖ **You are responsible for the information on your return, even if someone else prepared it.** Be aware of who you are dealing with at tax time and what their credentials are. Stay away from tax preparers whom offer you false, fictitious or fraudulent tax claims such as charitable donations, false child care expense claims, or false business expenses or losses. If you're not sure if your claim is legitimate, get a second opinion from another tax professional, or contact the CRA's Individual Income Tax Enquiries line at 1-800-959-8281 for more information.

Even though scams may sound compelling and convincing, they are scams. In addition to high fees you may be asked to pay, scams are not legal and



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can cause serious tax consequences for you. If you make false claims on a return, the CRA can reassess it to determine correct amounts and you will have to pay interest on outstanding amounts. Also, you may be charged penalties and be prosecuted for tax evasion.

And finally remember all taxpayers have an obligation to be vigilant when divulging any confidential information to third parties. The CRA has well established practices to protect the confidentiality of taxpayers' information.

Stay informed! Don't become a victim!



The information presented is only of a general nature, may omit many details and special rules, is current only as of its published date, and accordingly cannot be regarded as legal or tax advice. Please contact our office for more information on this subject and how it pertains to your specific tax or financial situation.